

Document of
The World Bank

Report No: ICR00004725

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-86680)

ON A

LOAN

IN THE AMOUNT OF EUR 716.5 MILLION (US\$800 MILLION EQUIVALENT)

TO THE

THE REPUBLIC OF COLOMBIA

FOR A

FIRST PROGRAMMATIC TERRITORIAL DEVELOPMENT

DEVELOPMENT POLICY FINANCING

June 19, 2019

Social, Urban, Rural and Resilience Global Practice
Governance Global Practice
Colombia and Venezuela Country Management Unit
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of December 31, 2017)

COP 2,982.12 =	US\$1.00
US\$1.00 =	EUR 0.84

FISCAL YEAR

January 1 - December 31

Regional Vice President:	Axel van Trotsenburg
Country Director:	Ulrich Zachau
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez; Deborah L. Wetzel
Sector Manager:	Ming Zhang; Robert R. Taliercio
Project Team Leader:	Alexandra Ortiz; Henry Forero
ICR Team Leader:	Nancy Lozano Gracia; Daniela Felcman

ABBREVIATIONS AND ACRONYMS

ADR	Rural Development Agency (<i>Agencia de Desarrollo Rural</i>)
ANT	National Land Agency (<i>Agencia Nacional de Tierras</i>)
AMCO	Metropolitan Area of Center East
ASA	Advisory Services and Analytics
CCE	National Procurement Agency (<i>Colombia Compra Eficiente</i>)
CONPES	National Economic and Social Policy Council (<i>Consejo Nacional de Política Económica y Social</i>)
COP	Colombian Peso
COT	Territorial Development Commission (<i>Comisión de Ordenamiento Territorial</i>)
CPF	Country Partnership Framework
DANE	National Administrative Statistics Department (<i>Departamento Administrativo Nacional Estadístico</i>)
DNP	National Planning Department (<i>Departamento Nacional de Planeación</i>)
DPF	Development Policy Financing
FONADE	Regional Development Bank (<i>Fondo Financiero de Proyectos de Desarrollo</i>)
FUT	Single Territorial Form (<i>Formulario Único Territorial</i>)
GDP	Gross Domestic Product
GNP	Gross National Product
GoC	Government of Colombia
IBRD	International Bank for Reconstruction and Development
IGAC	Geographical Institute Agustin Codazzi (<i>Instituto Geográfico Agustín Codazzi</i>)
INCODER	Colombian Institute for Rural Development (<i>Instituto Colombiano de Desarrollo Rural</i>)
LOOT	Organic Law governing the Territorial Organization (<i>Ley Orgánica de Ordenamiento Territorial</i>)
MADR	Ministry of Agriculture and Rural Development (<i>Ministerio de Agricultura y Desarrollo Rural</i>)
MHCP	Ministry of Finance and Public Credit (<i>Ministerio de Hacienda y Crédito Público</i>)
MDI	Ministry of Interior (<i>Ministerio del Interior</i>)
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development

POD	Departmental Territorial and Land Use Plan (<i>Plan de Ordenamiento Departamental</i>)
POT	Territorial and Land Use Plan (<i>Plan de Ordenamiento Territorial</i>)
SDR	Special Drawing Rights
SECOP	Colombia's Electronic System for Public Procurement (<i>Sistema Electrónico de Contratación Pública</i>)
SGR	General Royalties System (<i>Sistema General de Regalías</i>)
SNG	Subnational Governments
SNR	Superintendence of Notaries and Registry (<i>Superintendencia de Notariado y Registro</i>)
TA	Technical Assistance
USD	United States Dollar



Colombia
Colombia Territorial Development Development Policy Financing

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A. BASIC INFORMATION

Country:	Colombia	Program Name:	Colombia Territorial Development Policy Financing
Program ID:	P158520	L/C/TF Number(s):	IBRD-86680
ICR Date:	05/23/2019	ICR Type:	Core ICR
Financing Instrument:	DPL	Borrower:	GOVERNMENT OF COLOMBIA
Original Total Commitment:	USD 800.00M	Disbursed Amount:	USD 749.03M
Revised Amount:	USD 800.00M		

Implementing Agencies:

Departamento Nacional de Planeación

Cofinanciers and Other External Partners:

B. KEY DATES

Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	05/18/2016	Effectiveness:		04/19/2017
Appraisal:	09/22/2016	Restructuring(s):		
Approval:	12/08/2016	Mid-term Review:		
		Closing:	12/31/2017	12/31/2017

C. RATINGS SUMMARY

C.1 Performance Rating by ICR

Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory



Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory
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C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Moderately Satisfactory		

D. SECTOR AND THEME CODES

	Original	Actual
Sector Code (as % of total Bank financing)		
Public Administration		
Sub-National Government	88	88
Central Government (Central Agencies)	12	12
Theme Code (as % of total Bank financing)		
Public Sector Management	63	63
Public Administration	13	13
Municipal Institution Building	13	13
Public Finance Management	63	63
Public Expenditure Management	63	63
Urban and Rural Development	38	38
Rural Development	38	38
Land Administration and Management	25	25
Land Policy and Tenure	13	13

E. BANK STAFF

Positions	At Approval	At ICR
Vice President:	Jorge Familiar Calderon	Axel van Trotsenburg
Country Director:	Gerardo M. Corrochano	Ulrich Zachau
Practice Manager/Manager:	Ming Zhang	Ming Zhang



Program Team Leader:	Angelica Nunez del Campo; Pedro Aritzi	Alexandra Ortiz; Henry Forero
ICR Team Leader:		Alexandra Ortiz; Henry Forero
ICR Primary Author:		Nancy Lozano Gracia
		Daniela Veronica Felcman

F. RESULTS FRAMEWORK ANALYSIS

Program Development Objectives (from Project Appraisal Document)

Support the efforts of the Government of Colombia (GoC) to: (i) strengthen institutions for land management and territorial planning; and (ii) improve subnational financial management and investment prioritization

Revised Program Development Objectives (if any, as approved by original approving authority)



(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Percentage of the area covered by the cadastre pilot program for which new cadastral information has been collected			
Value quantitative or Qualitative)	0	70%		41.3%
Date achieved	11/02/2016	12/31/2017	12/31/2017	12/31/2018
Comments (incl. % achievement)	59% of target met due to operational challenges, including the presence of conflict and security concerns that made data collection slow in some cases and impossible in others; coordination challenges, and lack of inputs needed, such as the baseline cartographic inputs. Important results were achieved in improved institutional coordination between IGAC, SNR, ANT and DNP. The cadaster pilot exercise was successfully carried out and allowed to draw important lessons for further implementation. The completed 41.3% of the total area in the cadaster pilot represents close to 68.2% of total area of plots in the piloted area. See paragraphs 37 – 41 for additional details.			
Indicator 2 :	Number of administrative agreements through which the national government has delegated functions to local governments following an evaluation of local capacity.			
Value quantitative or Qualitative)	0	2		2
Date achieved	11/02/2016	12/31/2017	12/31/2017	12/31/2018
Comments (incl. % achievement)	Target met. An important stepping stone was achieved in the move toward strengthening asymmetric decentralization according to capacities, with 2 administrative agreements signed with Barranquilla and AMCO for the delegation of cadastral functions. For additional details see paragraph 40.			
Indicator 3 :	Number of plots in rural areas with formalized property rights through the new process			
Value quantitative or Qualitative)	0	40,000		52,740
Date achieved	11/02/2016	12/31/2017	12/31/2017	12/31/2018
Comments (incl. % achievement)	Target surpassed with 52,740 rural plots regularized or formalized; 173,339 families of ethnical communities benefited with access to land; 29,824 displacement victims received attention through assignment or formalization of land parcels; 40% of the titles were given to women. For additional information see paragraphs 44 – 47.			



Indicator 4 :	Percentage of total co-financed rural development projects that have a territorial focus			
Value quantitative or Qualitative)	16%	100%		100%
Date achieved	11/02/2016	12/31/2017	12/31/2017	12/31/2018
Comments (incl. % achievement)	Target met. All projects were structured to have a territorial focus. To date, 189 projects have received co-financing, for a total value of over 193,314 million COP with 18,818 beneficiaries. For additional information see paragraphs 44 – 47.			
Indicator 5 :	Number of territorial and land use plans prepared/updated under the POT Modernos Program			
Value quantitative or Qualitative)	0	80		35
Date achieved	11/02/2016	12/31/2017		12/31/2018
Comments (incl. % achievement)	43.75% of target met due challenges brought about by post-conflict, civil unrest, and floods rendered that rendered some municipalities inaccessible. As a result, technical teams were unable to travel to these municipalities and hence, were not able to complete the preliminary analysis and assessments required by the new methodology developed as inputs. Further, an initial assessment of time and costs of the updating process underestimated the resources needed for the implementation of the program. Despite underachievement of the target, a new methodology was developed and implemented for improving regional integration and the updating of municipal land-use plans, which incorporates critical elements for improved urban planning. See paragraphs 49 – 50 for additional details.			
Indicator 6 :	Number of new Contratos Plan signed			
Value quantitative or Qualitative)	0	8		10
Date achieved	11/02/2016	12/31/2017		12/31/2018
Comments (incl. % achievement)	Target achieved and surpassed by 25%. Planning and execution of investments for regional development was enhanced by improving Contratos Plan/Paz program, and facilitating the coordination of efforts and resources of different territorial actors under a common development objective. See paragraphs 55 – 56 for additional details.			
Indicator 7 :	Number of reports prepared and submitted by municipalities to national authorities			
Value quantitative or Qualitative)	233	190		110
Date achieved	11/02/2016	12/31/2017		12/31/2018



Comments (incl. % achievement)	Target surpassed by 186%. Management of public expenditures was significantly improved, through better quality, opportunity and comparability of fiscal information reported by SNGs and across sectors and levels of government, resulting in a significant reduction in the reporting, from 233 to 110, overpassing the target of 190. See paragraphs 58 – 59 for additional details.			
Indicator 8 :	Percentage of national public entities reporting according to the new accounting standards			
Value quantitative or Qualitative)	0	90%		100%
Date achieved	11/02/2016	12/31/2017		12/31/2018
Comments (incl. % achievement)	Target surpassed by 11%. Resource allocation was improved and subnational fiscal risk was reduced by improving the quality, comparability and opportunity of SNGs fiscal information. See paragraphs 58 – 60 for additional details.			
Indicator 9 :	Number of standard investment projects designed and available for SNGs to adopt			
Value quantitative or Qualitative)	0	50		50
Date achieved	11/02/2016	12/31/2017		12/31/2018
Comments (incl. % achievement)	Target met. The design and implementation of instruments (standard documents) to improve quality of subnational public investments is a stepping stone towards better subnational public investment and service delivery. See paragraphs 58 – 61 for additional details.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	N/A			
Value quantitative or Qualitative)				
Date achieved				
Comments (incl. % achievement)				

G. RATINGS OF PROJECT PERFORMANCE IN ISRs



No.	Date ISR Archived	GEO	IP	Actual Disbursements (USD millions)
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H. RESTRUCTURING (IF ANY)

Not Applicable



1. PROJECT CONTEXT, DEVELOPMENT OBJECTIVES AND DESIGN

1.1 Context at Appraisal

1. This operation was the first in a series of a two single-tranche programmatic, US\$800 million Development Policy Financing (DPF), designed to strengthen institutions for land management and territorial planning, and improve subnational financial management and investment prioritization. The program was structured in two pillars, designed to: (i) strengthen institutions for land management and territorial planning; and (ii) improve subnational financial management and investment prioritization.

2. At approval, the strong economic growth that Colombia had experienced over the past decade was not widespread across the entire territory, thus perpetuating historical inequalities. While Colombia had been one of the stronger regional performers during the last decade in terms of economic growth, large gaps remained in poverty rates and standards of living between urban and rural areas, across regions and even within departments and municipalities.¹ For example, despite important improvements in education, in 2017, while illiteracy in urban areas was at 3.5 percent, it was almost four times as high in rural areas. There was also great variability in standards of living across regions. At appraisal, 3.6 percent of municipalities had low Human Development Indexes, with municipalities like Bogadó in the department of Chocó having infant mortality rates comparable to those of the Democratic Republic of Congo at 70 infants per 1,000 live births, while the national rate was 12.

3. Despite efforts aimed at redistributing wealth through oil royalties, the absence of policies to integrate rural and urban areas, a weak institutional set-up at the national level, limited investment in rural areas and limited local institutional capacity had contributed to widening regional gaps.² In particular, four main challenges were identified. First, the lack of robust and accurate information representing the existing territorial assets (e.g. land tenure, ownership, use, accessibility), and the necessary institutional set up to manage this information were impeding effective land use planning and the implementation of infrastructure investments.³ This lack of information was also limiting the ability to accurately determine property rights, preventing the development of well-functioning land markets and opening the door to speculation and land grabbing. On the other hand, fiscal and budget information was incomplete and not systematized, and the institutional processes associated with its collection were burdensome, thus complicating decision-making and preventing the resource allocation of regional investment projects and programs. Second, the weak institutional structure and limited presence of the National Government in rural areas was contributing to the widening gap in standards of living across territories and, in particular, between urban and rural areas. Third, the absence of a framework for integrated multilevel territorial planning and investment prioritization was limiting activities' development objectives to the municipal boundaries, and sometimes even to the urban areas, thereby limiting the potential for rural-urban linkages that could promote regional growth. Fourth, the institutional processes involved in key functions related to the design, execution and evaluation of public investment (e.g., budgeting, accounting, and public procurement) were fragmented,

¹ Colombia, with a unitary government, has 32 departments (*departamentos*) and 1,102 municipalities. The geographic diversity and the distinct way in which Colombia was populated resulted in the formation of six regions. While they do not represent official jurisdictions, they are widely recognized by shared commonalities in climate, culture, endowments and challenges. These regions are: *Caribe, Llanos, Pacífico, Centro-Oriente, Centro-Sur-Amazônia, and Eje Cafetero y Antioquia*. Annex 10 presents more information about intergovernmental fiscal relations in Colombia

² Some of the poorest departments – such as Sucre, Magdalena and Córdoba – are also those that ranked the lowest in the GoC's Integral Performance Index that measures local government capacity

³ An estimated two-thirds of rural land are held without title



duplicated or incomplete, and their lack of adherence to international standards was severely affecting the efficiency and effectiveness of resources flowing to the regions. Moreover, decades of conflict had destroyed physical, human, and social capital with important implications for regional growth.

4. **Given such a context, this DPF operation was designed to support the Government of Colombia's (GoC's) medium-term agenda towards a more integrated territorial development.** The operation supported the 2014-2018 National Development Plan's (NDP's)⁴ battery of reforms to strengthen territorial development, which were targeted at reducing gaps between leading and lagging regions. Overall, the DPF supported reforms which established the enabling environment and the regulatory framework for integrated territorial development, such as the reform of the national cadaster, the creation of key land management institutions and the reform of processes for subnational investment prioritization, coordination and execution.

5. **The operation was closely aligned with the objectives of the World Bank Group's Colombia Country Partnership Framework (CPF) FY2016-2021.**⁵ The DPF supported Pillar 1 of the CPF, which aims at fostering balanced territorial development, and highlights the need to continue strengthening subnational public management capacity. In addition, it supported the cross-cutting area of constructing peace by helping to balance uneven territorial development. The operation also complemented a robust package of lending and advisory operations from the WB to the GoC. This operation built on the previous DPFs, notably the Programmatic Productive and Sustainable Cities DPF series (P130972, P145766), and also complemented various investment financing operations and technical assistance, including the Subnational Institutional Strengthening Project (P123879); the Multi-Donor Trust Fund for Peace and Post-conflict (P160524); the Colombia Multipurpose Cadaster Technical Assistance (P160524), and the Bio-carbon Fund and the Sustainable Low-Carbon Development in the Orinoquía Region Project (P160680). The DPF was also closely aligned with programmatic knowledge services, such as the Colombia Programmatic Approach - Public Sector Management and Governance (P162068) and the Programmatic Approach on Sustainable Regional and Urban Development (P156821), which support the GoC and selected local governments to strengthen the capacity of government institutions for regional and urban planning, as well as fiscal management, territorial development, and justice service delivery at the local level.

6. **The operation also built on the peace and post-conflict agenda in Colombia.** The first point in the agreement reached at the Havana peace talks was a "Comprehensive Rural Reform" to address the unbalanced economic development between rural and urban areas. The agreement stressed the need for programs to enable formalization of land rights, promote access to land and increase rural productivity, the updating of the rural cadaster, and the improvement of infrastructure and service provision in rural areas.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

7. **The original Project Development Objective (PDO) was to support the efforts of the GoC to: strengthen institutions for land management and territorial planning; and improve subnational financial management and investment prioritization.** With these objectives in mind, the Government took actions at national and local levels. At the national level, the government worked on building a new institutional framework, strengthening policies and institutions, and providing the necessary enabling legal environment for implementation. These policy actions were included in Pillar 1. Because territorial development requires a multilevel approach to development in a

⁴ 2014-2018 National Development Plan "Todos por un Nuevo País"

⁵ Report No. 101552-CO discussed by the Board of Executive Directors on April 7, 2016



decentralized context like Colombia, the Government also worked on empowering subnational governments (SNGs) to operationalize this framework by enhancing the available instruments to facilitate better management of local and regional resources. These policy actions were included in Pillar 2.

The original **Key Outcome Indicators** focused on:

Policy Area I - Strengthen institutions for land management and territorial planning

- (i) Percentage of the area covered by the cadaster pilot program for which new cadastral information has been collected (Baseline: 0 in 2016; Target: 70% in 2018)
- (ii) Number of administrative agreements through which the national government has delegated functions to local governments following an evaluation of local capacity (Baseline: 0 in 2016; target: 2 in 2018)
- (iii) Number of plots in rural areas with formalized property rights through the new process (Baseline: 0 in 2016; Target: 40,000 in 2018) (*Of which number of plots in rural areas with formalized property rights for women will be monitored*)
- (iv) Percentage of total co-financed rural development projects that have a territorial focus (Baseline of 16% in 2016; Target: 100% in 2018)
- (v) Number of territorial and land use plans prepared/updated under the *POT Modernos Program* (Baseline of 0 in 2016; Target: 80 in 2018)

Policy Area II - Improve subnational financial management and investment prioritization

- (i) Number of new *Contratos Plan* signed (Baseline: 0 in 2016; Target: 8 in 2018)
- (ii) Number of reports prepared and submitted by municipalities to national authorities (Baseline: 233 in 2016; Target: 190 in 2018)
- (iii) Percentage of national public entities reporting according to the new accounting standards (Baseline: 0 in 2016; Target: 90 percent in 2018)
- (iv) Number of standard investment projects designed and available for SNGs to adopt (Baseline: 0 in 2016; Target: 50 in 2018)

1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

8. The PDO remained unchanged throughout the life of the Program.

1.4 Original Policy Areas Supported by the Program
(as approved)

9. The original policy areas supported by the DPF, which remained unchanged throughout implementation, were organized under two pillars:

10. **Pillar 1: Strengthen institutions for land management and territorial planning.** The Program focused on four areas: establishing the multipurpose property cadaster policy; the creation of a new institutional set-up to improve rural and land administration through the creation of the National Land Agency (ANT in Spanish) and the Rural Development Agency (ADR in Spanish) to substitute the Colombian Institute of Rural Development (INCODER); and strengthening territorial planning through the approval of a new territorial planning policy. The new institutional set up was aimed at addressing some of the main challenges facing INCODER, namely, lack of



capacity, lack of a mandate to build a consolidated information system for land management, and absence of a role in formalization of private rural property. The main reforms of this policy area aimed at building a new institutional framework, strengthening policies and institutions, and providing the necessary enabling legal environment for improved territorial planning.

11. **Pillar 2: Improved subnational financial management and investment prioritization.** Against a backdrop of poor institutional coordination among levels of government, low capacity for planning and execution of regional investments which resulted in project atomization and ineffective and inefficient project implementation, and lack of quality and opportunity of subnational fiscal information which challenged the oversight of subnational fiscal risk, under Pillar 2 the Program supported reforms in four areas directed to: (i) improve planning and execution of regional investments, for a better coordination across levels of government; (ii) improve fiscal reporting by SNGs; (iii) harmonization of accounting and budget standards to enhance the quality of fiscal and budget data for policy-making and more effective regional resource allocation and decision-making; and (iv) promote the adoption of standard investment projects by subnational governments to speed up the design and execution of regional investment projects.

1.5 Revised Policy Areas *(if applicable)*

12. The policy areas were not revised.

1.6 Other significant changes

(in design, scope and scale, implementation arrangements and schedule, and funding allocations)

13. There were no significant changes in the design, scope and scale, implementation arrangements, schedule or funding allocations

2. KEY FACTORS AFFECTING IMPLEMENTATION AND OUTCOMES

2.1 Program Performance

(supported by a table derived from a policy matrix)



14. The Board of Executive Directors approved this US\$800 million DPF operation on December 8, 2016. All conditions in the Loan Agreement were met (see Table 1 for evidence of each prior action being met). The operation became effective on April 19, 2017 and the loan was fully disbursed on December 29, 2017.⁶

Table 1: Prior Actions and Evidence

PILLAR	PRIOR ACTIONS	EVIDENCE
Pillar 1: Strengthen Institutions for Land Management and Territorial Planning	Prior Action 1: The Government has approved a comprehensive property cadaster policy, which: (i) Redefines the roles and responsibilities of institutions and levels of government to separate regulatory and implementation responsibilities; (ii) Defines standards and methodologies for surveying, recording, and valuation of properties to transform the fiscal cadastre into a multiple-purpose one; and (iii) Mandates the updating of cadastral information of all the land parcels in Colombia.	Document CONPES 3859 on Policy for the Adoption of a Multipurpose Cadastre (June 13, 2016).
	Prior Action 2: The Borrower has established the institutional framework to, <i>inter alia</i> : (i) implement access-to-land programs for rural productivity and equity; and (ii) support the process for rural land formalization, through the creation of the National Land Agency (ANT).	(i) establishment of the National Land Agency (Decree 2363 of December 2015); (ii) staffing decree for the National Land Agency (Decree 419 of March 2016); (iii) liquidation of INCODER (Decree 2365 of December 2015); and (iv) modification of the structure of the Ministry of Agriculture and Rural Development (Decree 2369 of December 2015)
	Prior Action 3: The Borrower has strengthened the institutional framework for rural development through the creation of the Rural Development Agency (ADR), which will plan, structure, co-finance and implement rural development projects.	(i) establishment of the Rural Development Agency (Decree 2364 of December 2015); (ii) staffing decree for the Rural Development Agency (Decree 418 of March 2016); (iii) liquidation of INCODER (Decree 2365 of December 2015); and (iv) modification of the structure of the Ministry of Agriculture and Rural Development (Decree 2369 of December 2015).
	Prior Action 4: The Borrower has approved a new territorial planning policy, which enables: (i) the development of territorial & land-use plans at <i>Departamento</i> -level ⁷ to foster regional integration, and	CONPES document 3870 (October 24, 2016) issuing the National Program for the Update of Territorial and Land Use Plans – <i>POT Moderno</i> ⁸

⁶ This loan was made in Euros for what was the equivalent of US\$ 800 million at the time of Board presentation in November 2016 (EUR 716.5 million). This explains why calculations show a less than 100% disbursement. Full disbursement was equal to US\$ 749,029,100 in December 2017.

⁷ *Departamento* is the second administrative level in Colombia (between national and municipal governments).

⁸ The territorial development law of 1997 (Ley 388/1997) empowered municipalities to plan and regulate land use through the preparation and implementation of Territorial and Land Use Plans (Planes de Ordenamiento Territorial, POT). POTs are powerful territorial management instruments that give municipal governments the mandate to integrate spatial and socio-economic characteristics of the territory within their administrative boundaries. Importantly, they guide policies and investments at the local level. POTs demarcate urban and rural areas, define areas for urban expansion, orient the location of future infrastructure, and define the urban management tools and the financing schemes to be used for each



	(ii) the updating of municipal land-use plans under a new methodology that incorporates urban-rural linkages.	
Pillar 2: Improved subnational financial management and investment prioritization	Prior Action 5: The Borrower has adopted a new policy that strengthens the Memoranda of Understanding between national and sub-national governments (<i>Contratos Plan</i> ⁹) by : Requiring prioritization of investments with highest impact potential in areas of higher needs, Creating and implementing a Regional Fund ¹⁰ to speed-up project execution, and Ensuring co-financing of investments from subnational governments.	Decree for <i>Contratos Plan y Fondo Regional de Contratos Plan</i> (Decree 740 of May 4, 2016).
	Prior Action 6: The Borrower has centralized the fiscal risk oversight of subnational governments in the MHCP through the unification of reporting requirements to improve the quality of regional fiscal data.	(i) Article 188, National Development Plan (Organic Law 1753 of June 9, 2015); (ii) Decree 1536 (September 29, 2016).
	Prior action 7: The Borrower has harmonized the public sector accounting practices to a single national standard regime across government entities, including subnational governments, to be applied on a mandatory basis from January 1, 2017 ¹¹ , to enable comparability of data across all sectors and levels of government.	Resolution 533 on the public accounting regime (October 8, 2015) ¹² .
	Prior Action 8: The Borrower has enabled the use of <i>standard project designs</i> ¹³ by subnational governments to reduce the time and cost in the procurement and execution of regional and municipal investment projects.	(i) CONPES document 3856 on Policy for the Standardization of Investment Projects 2016-2018 (April 25, 2016) and (ii) Decree 173 (published on February 1, 2016).

intervention, allowing municipalities to align investments with development projections. To ensure that medium- and long-term visions are incorporated into the territorial planning process, POTs are valid for a 12-year period. The POT Modernos program aimed at addressing the main constraints of the first generation of POTs by introducing instruments for multi-level planning, providing guidelines for the preparation of new generation POTs including mandating the inclusion of risk management considerations, ensuring alignment of regional and national initiatives and providing technical assistance to build municipal capacity for territorial planning.

⁹ *Contratos Plan* are formal signed agreements between the national government and subnational governments (SNG) to channel regional public investment based on territorial needs. The revised *Contratos Plan* policy includes a set of features to enhance weaknesses documented during the pilot phase. The new *Contratos Plan* had a strong programmatic vision and clear scope, focus and priority set on high impact regional projects (including in conflict-affected areas), overall stronger review of project design and a stronger monitoring and evaluation framework to provide clear accountability of the funds. Please refer to CONPES document 3822 of 2014 for more details on *Contratos Plan*.

¹⁰ The *Fondo Regional* supports the execution of the *Contratos Plan* and integrates resources from different sources with the goal of addressing current bottlenecks for the implementation. Most importantly, it accelerates the transfer of funds to the executing agency and simplify the financial management function. The fund allows a much better access to information on the final use of the regional funds, and therefore, stronger results based management and accountability.

¹¹ The National General Accounting Office Resolution 693 of December 2016, extended the deadline to January 1, 2018.

¹² Resolution 533 of 2015 was later modified with Resolutions 113 of April 2016, Resolution 484 of October 2017 and Resolution 582 of December 2018.

¹³ *Standard projects* are referred to pre-defined investment projects that can be replicated using prototypes with common technical standards across the territory in different environment with small variations. The rationale for the development of these projects is that a large percentage of regional investment is allocated in certain outputs that can be replicated and scaled up with minimal variations (adapting to certain geographical, cultural differences). This is the case of basic infrastructure projects such as construction of local schools, local health facilities, basic water and sanitation, community and cultural centers, and so on.



15. While the second operation did not materialize on time (see discussion in Section 2.2), all policy areas and indicators in this operation remain strategic priorities for the government. This is reflected in the Basis for the 2018-2022 NDP published in March 2019¹⁴; the law 227 of 2019, which refers to the NDP, passed the second debate at the Senate on May 3rd, 2019 and has been submitted for Presidential sanction. One more debate at the House of Representatives is currently taking place and two will follow at the Senate.

*For multi-tranche DPL:

Tranche #	Amount	Expected Release Date	Actual Release Date	Release
Tranche 1	US\$ 800 million	December 29, 2017	December 29, 2017	Regular

2.2 Major Factors Affecting Implementation

16. Program design was consistent with Colombia’s NDP, the World Bank’s CPF for Colombia, and the country’s OECD accession roadmap. The DPF drew from the GoC’s reform agenda outlined in the 2014-2018 NDP, which was the result of a comprehensive consultation process and was sanctioned as law, and the FY16-21 CPF priorities to promote balanced territorial development and strengthen subnational public management capacity. The program was also aligned with the policy recommendations included in the country’s OECD 2014 Territorial Review¹⁵, which put forward the need to strengthen regional statistics, scale up policies and investment for regional development, improve local finance and subnational autonomy and responsibility, and adopt a control system focused on results.

17. Design and implementation were also underpinned by Bank analytical work, technical assistance and investment lending. As mentioned earlier, this operation built on previous operations, knowledge and TA work, and long-standing Bank engagement with the GoC to improve information on territorial assets and strengthen regional and urban planning instruments as well as critical public management capacities at the subnational level.

18. World Bank internal collaboration was effective at project design and throughout implementation. In response to the policy priorities put forward by the GoC, the Bank brought together the Social, Urban, Rural and Resilience and Governance Global Practices to create a substantive and well-articulated program, which stemmed from previous and current engagements in the country. The success of this approach is manifested in the achievements shown in the results framework, and the GoC’s recent request for a follow-on operation.

19. Political commitment to the program was strong from inception to completion. The policies supported by this program to strengthen the underlying territorial development framework and subnational governments’ capacity to implement such a framework were high in the government’s agenda at program design, and through implementation. Such reforms continue to be a priority for the new administration, as reflected in the 2018-2022 NDP.

¹⁴ <https://www.dnp.gov.co/Plan-Nacional-de-Desarrollo/Paginas/Bases-del-Plan-Nacional-de-Desarrollo-2018-2022.aspx>

¹⁵ OECD (2014), OECD Territorial Reviews: Colombia 2014, OECD Territorial Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264224551-en>.



20. **Political and governance, macroeconomic and capacity risks were well identified at appraisal, assessed as moderate overall, and mitigated.** While political and macroeconomic risks associated with uncertainties around the scope and implementation of the peace agreements did not materialize, capacity risks were partly mitigated by several programs to support subnational governments - the Multi-Donor Trust Fund for Peace and Post-conflict (P160524), the Colombia Programmatic Approach- Public Sector Management and Governance (P162068), and the Sustainable Regional and Urban Development (P156821) - which supported regional and urban planning instruments and public sector management capacity building. Implementation challenges with the Subnational Institutional Strengthening Project (P123879) posed additional capacity risks affecting the achievement of results in the area of territorial planning.

21. **Capacity limitations at the subnational level proved to be the most challenging.** The full internalization of capacity building initiatives and the effective use of new territorial planning and investment instruments and approaches by SNGs that are heterogeneous in size and capacities, has proven to be a process which requires persistent support and policy continuity. In Colombia, while policies and initiatives directed to support the country's decentralization process have been consistent and have demonstrated a fair degree of success, challenges remain for the country to fully take advantage of the policies put in place and move fully toward an asymmetric decentralization model that considers local strengths and weaknesses in assigning responsibilities. For example, while territorial association has been promoted, there is still room to improve the design of incentives for regional coordination and to promote co-financing of investments of large-scale projects and exploit the full potential that regional development can bring to the regions. Likewise, while new methodologies and frameworks have been defined for territorial ordering, there is still space to improve alignment of actors and instruments.

22. **Several implementation challenges, including limited coordination and articulation between old and new agencies slowed down the operationalization of the changes introduced by the reforms.** The ambitious program supported by this DPF included deep changes in the institutional framework and the instruments used for territorial planning. With new institutions came realignment of responsibilities, new methodologies for instruments to be implemented, and the need to gather cadastral information for areas that had none. With all policy changes effectively hitting the ground at the same time, the operationalization of the reforms in the pilot programs of POTs Modernos and Cadaster went slower than expected. The main challenges for implementation included: (i) coordinating and articulation among old and new institutions; (ii) lack of required inputs for the systematic cadaster survey; (iii) underestimation of costs and time needed; and (iv) violence and conflict that prevented field work.

23. **Change in government administration challenged the programmatic approach of this operation.** Despite this DPF having been designed as a series, the request for a second DPF under this series did not materialize on time. While the commitment of the national government to further deepening territorial development issues remains, the national elections (May 2018) and later on change in administration delayed requests for a second DPF in this series, as the incoming government reassessed the policies and strategic direction of the territorial development agenda. A request for a second DPF was recently made, after this series closed in December 2018. Most triggers for the second operation were met, as described in Section 3.2.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

24. **Design.** The design of the results framework was adequate. It included outcome indicators that were appropriate to measure the implementation of the policies supported by the DPF. The DPF foresaw the National Planning Department (DNP in Spanish) as the institution responsible for technical coordination, monitoring and



evaluation. The Territorial and Public Investment Sub Directorate within DNP acted as the main entity coordinating monitoring and evaluation activities in cooperation with the Ministry of Agricultura and Rural Development (MADR, in Spanish), Geographical Institute Agustin Codazzi (IGAC in Spanish), Colombia Compra Eficiente (CCE), as well as other ministries. DNP's Public Policy Monitoring and Evaluation Department was responsible for the National Evaluation System of Management and Results (SINERGIA), which gathered and reported all relevant result indicators for this operation. Overall, the indicators proposed were adequate, though some of the targets were ambitious given the Program's timeframe.

25. **Implementation.** The DNP regularly monitored the indicators in the results matrix, engaging with the Bank during the Program's supervision. The DNP's Evaluation Unit was responsible for monitoring the indicators related to land use and management, with support from ANT which regularly monitored the advances in regularization and formalization of plots, using a new single platform for registering requests for land.

26. **Utilization.** The DNP and the sector ministries used the collected available data to assess the progress of the policies supported by the DPF. The M&E arrangements were sustainable, as they relied on the mechanisms regularly used by the DNP, the ANT, and the ADR, such as SINERGIA from DNP, as well as regular reports submitted by the agencies to evaluate their performance.

2.4 Expected Next Phase/Follow-up Operation (if any)

27. **The Bank plans to continue supporting Colombia's territorial development policy through a new Territorial DPF, as per the Government's request received.** This new operation will support the Government's policies aimed at strengthening the institutional frameworks for coordination, planning and resource allocation that promote strategic investments at the regional level; fostering efficient rural and urban land markets; and improving public management capacity at the subnational level. Building on results achieved under this DPF and given that the second operation did not materialize immediately after, as planned, the new operation will not only support consolidation of policies previously implemented, but will expand their scope to focus on optimizing the regional impact of territorial investments by further strengthening and complementing previous interventions. The Territorial Development Chapter of the new government NDP is the basis for these new interventions.

28. **The implementation of several policies under this DPF will continue to be supported by the Bank through different instruments.** The policy areas related to the new institutional framework for land management, rural development, and the multipurpose cadaster will be supported by the recently approved loan directed to enhance the Multipurpose Cadastre (P162594). The implementation of the new methodology for preparation and implementation of Territorial and Land Use Plans (*POTs Modernos*)¹⁶ and the subnational public financial management reform will continue to be accompanied by the Bank through the Project for Subnational Institutional Strengthening (P123879) and by the Strengthening Public Financial Management in Colombia ASA (P170468).

¹⁶ Territorial and Land Use Plans (Planes de Ordenamiento Territorial (POTs) are powerful territorial management instruments to plan and regulate land use in Colombia. The new territorial planning policy approved through the Modern POTs (POTs Modernos Program) was included as PA4 in this DPF.



3. ASSESSMENT OF OUTCOMES

3.1 Relevance of Objectives, Design and Implementation

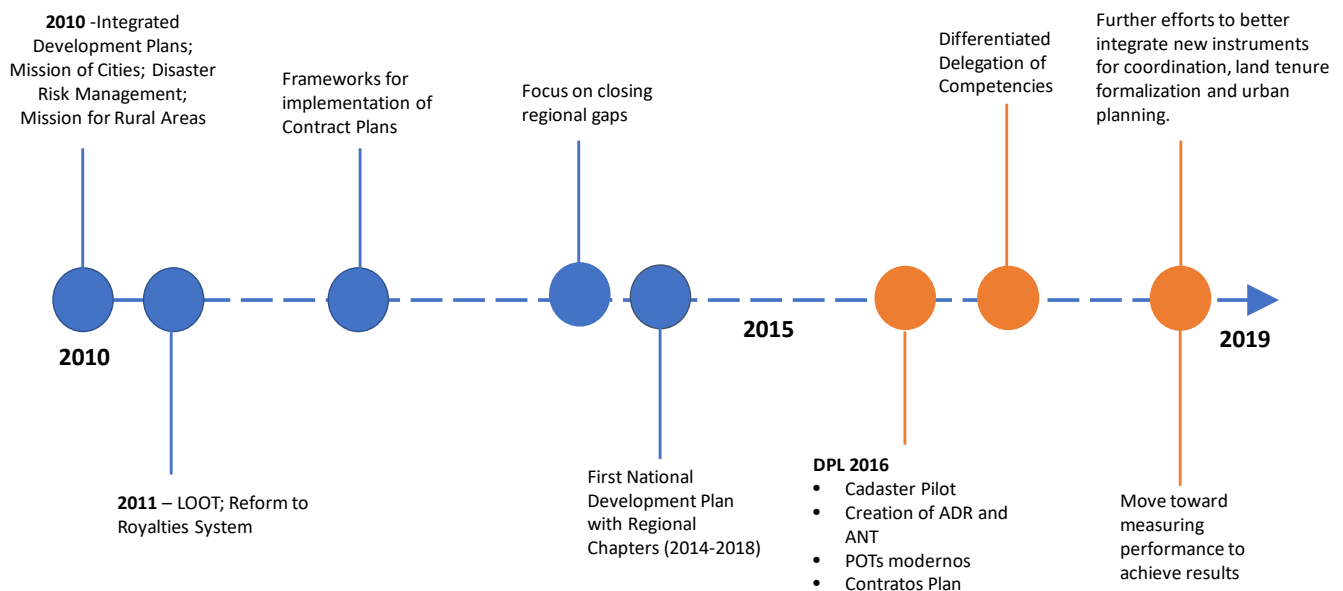
(to current country and global priorities, and Bank assistance strategy)

Relevance of Objectives

Rating: High

29. **The relevance of the DPF to the current Colombian strategy and the World Bank’s assistance strategy at the time of the ICR is rated high.** This operation leveraged and strengthened important steps taken by the GoC in territorial development and planning over the past years (Figure 1) such as the Royalties System reform, Organic Law governing the Territorial Organization (LOOT of 2011), and the first national development plan with regional chapters (2014-2018 NDP). The DPF’s objectives, design, and implementation remain in line with the current strategy of Colombia as reflected in the 2018-2022 NDP, and the World Bank’s Country Partnership Framework as described below in this section.

Figure 1: Timeline of Territorial Planning and Development in Colombia



30. **The Colombian 2018-2022 NDP recognizes that despite the gains achieved by the implementation of the political, administrative and fiscal decentralization process that started in 1991, challenges remain to effectively overcome economic and social inequality at the territorial level.** The 2018-2022 NDP therefore prioritizes the need to deepen reforms directed to reduce territorial development gaps. In particular, Pact 15 on Effective Public Management aims to further enhance the strategic allocation of public expenditures with a focus on results. It also aims to improve public expenditure management instruments such as the development and implementation of the integrated public financial management system, the implementation of the harmonized budget classification, and the enhancement of the public procurement processes and systems, among others. Further, Pact 16 on Decentralization promotes continuous improvement to multilevel planning, governance and territorial association schemes, which are at the core of the Colombian decentralization model, by enhancing instruments and frameworks for territorial and land planning and investment, such as Contratos Plan program (third generation of



the instrument, *Pactos Territoriales*), and the further updating and implementation of POTs and the multipurpose cadaster in strategic areas; strengthening the spatial data infrastructure, including for land administration and cadastral information, and by strengthening the links between the land registry and cadaster information; and highlights the need to enhance systems for financial management at the local level. The NDP further recognizes the need to strengthen territorial development policies by including nine regional Pacts, highlighting specific challenges, needs and goals for each region.

31. **The World Bank Group’s FY16-21 CPF for Colombia outlined a program with a focus on three main areas, one of which was to support the GoC in the implementation of “planning tools to improve the institutional capacity of central and subnational governments to design and execute investment projects and to enhance their impact.** These include performance contracts (*Contratos Plan*) to establish a clear framework for improving territorial management, including subnational planning of public investment projects; spatially integrated territorial development plans (*Planes de Ordenamiento Territorial*) that foster economic integration of rural and urban areas; and the implementation of a “multipurpose” rural-urban land cadaster¹⁷, which was very much aligned with the policies and programs under this DPF. The FY16-21 CPF also includes a cross-cutting pillar directed to assist in constructing the peace, a process which is supported by several of the policies included in this DPF.

32. **The DPF’s results framework also included results indicators that were aligned both with the 2014-2018 NDP and the FY16-21 CPF.**

3.2 Achievement of Program Development Objectives

(including brief discussion of causal linkages between policy actions supported by operations and outcomes)

Overall Achievement of Objectives (efficacy)

Rating: Substantial

33. **The DPF substantially achieved all its expected outcomes.** This operation supported a strong government reform program anchored in the objective of the NDP 2014-2018 to reduce gaps in living standards persistent between regions, through a territorial development approach. This set of reforms was also at the core of the national peace building agenda. The DPF promoted important policies and instruments aimed at strengthening territorial development and planning, improving the quality and opportunity of subnational information for decision making, as well as enhancing local governments’ capacities to better prioritize and manage subnational expenditures.

34. Results achieved and progress to date are discussed below under each policy area. Table 2 displays expected and achieved results.

¹⁷ CPF FY16-21, Pillar 1, Objective 1.



Table 2: Results achieved by Development Objective

Development Objectives and Prior Actions	Results achieved
Pillar 1: Strengthen institutions for land management and territorial planning	
Strengthened land management systems (PA#1)	Important results were achieved in terms of improved institutional coordination between IGAC, SNR, ANT and DNP. The cadaster pilot exercise was successfully carried out and provided important lessons for further implementation. While 41.3% of the total area in the cadaster pilot was completed with new cadastral information (falling short of the target of 70%), this area represents close to 70% of the total number of plots in the pilot area. In addition, an important stepping stone was achieved in the move toward strengthening asymmetric decentralization according to capacities, with two administrative agreements signed with Barranquilla and the Metropolitan Area of Center East (AMCO) (original target achieved) for the delegation of cadastral functions.
Strengthened land management institutions (PA#2 and PA#3)	A new institutional set up for rural and land administration was established, allowing for improved coordination and more effective government interventions and enabling large-scale formalization of land rights in rural areas, as well as increasing access to land for the rural poor/vulnerable through access-to-land programs. 52,740 plots in rural areas had formalized property rights (more than achieving the original target of 40,000 plots) and 100% of co-financed rural development projects now have a territorial focus.
Strengthened Territorial Planning (PA#4)	A new methodology was developed and implemented for territorial and land use plans at the department-level for improving regional integration and the updating of municipal land-use plans. While 35 territorial and land use plans were prepared/updated under the POT Modernos Program (falling short of the original target of 80), the new methodology now incorporates critical elements for improved urban planning such as urban-rural linkages, urban expansion projections, exposure to risks information, and identification of areas for environmental preservation.
Pillar 2: Improve subnational financial management and investment prioritization	
Improved Prioritization of Regional Investments (PA#5)	Planning and execution of investments for regional development was further enhanced by improving mechanisms for medium-term planning and prioritization of investment projects (Contratos Plan/Paz), and facilitating the coordination of efforts and resources of different levels of government, private and non-governmental actors under a common territorial development objective. Ten new Contratos Plan were signed (more than achieving the original target of eight new plans).
Strengthened financial management of subnational expenditures (PA#6, PA#7 and PA#8)	Management of public expenditures was significantly improved, through better quality, opportunity and comparability of fiscal information reported by subnationals and across sectors and levels of government, and the design and implementation of instruments (standard documents) to improve quality of subnational public investments. Actions also helped improve resource allocation and reduce the subnational fiscal risk. Reporting by subnational was reduced from 233 reports to 110. In addition, 100% of national and 96.6% of subnational public entities are now reporting according to the new accounting standards. Finally, 50 standard investment projects were designed and are now available for SNGs to adopt.



35. **Achievements in strengthened land management and territorial planning institutions (Pillar I) are rated as Substantial.**

36. Under Pillar I, the Program substantially strengthened institutions for land management and territorial planning through building a new institutional framework, enhancing policies and institutions, and providing the necessary enabling legal environment for their implementation. Implementation of pilot exercises in PA#1 and PA#4 provided the methodologies and important lessons to further improve and expand the cadaster and territorial planning instruments on a national scale, as described below. The DPF has also left in place a strong framework for interinstitutional coordination between relevant agencies for land management, including the Geographical Institute IGAC, the National Registry (SNR in Spanish), ANT, and DNP. It also allowed for the development of new methodologies and lessons learned that will guide the implementation of the national cadastral update that will cover the whole country and is expected to be completed by 2025. Finally, it also provided important information that has allowed the GoC to adjust expectations in time and resources that will be needed for the national update.

37. **Strengthened land management systems.** PA#1 provided the enabling environment for the design, implementation, use, and maintenance of a multipurpose cadaster through the approval of a comprehensive property cadaster policy which redefined the roles and responsibilities of the institutions and levels of government to separate regulatory and implementation responsibilities; defined standards and methodologies for surveying, recording and valuation of properties and allow transformation of the fiscal cadaster into a multiple-purpose one; and mandated the updating of the cadastral information of all land parcels in Colombia. An important step to secure resources for the implementation of this policy was achieved with the approval of the CONPES¹⁸ 3951 in November 2018, which enabled multilateral financing equivalent to US\$150 million to finance the multipurpose cadaster program. This credit will partially finance the structural changes needed to institutionally and technologically strengthen the three institutions at the core of this reform: IGAC, SNR, and ANT. Further, important legal advances to strengthen the links between registry and cadastral information have been approved, enhancing the coordination between the SNR and the IGAC.¹⁹

38. The implementation of the pilots put forward as part of the Prior Action 1 has achieved several important results: (i) it allowed for the establishment of new mechanisms for interinstitutional coordination between IGAC, SNR, ANT, and DNP; (ii) the development of the standards by IGAC and SNR to be implemented in the pilot phase; (iii) the development of large-scale base mapping for seven municipalities, creating an up-to-date database for over thirty thousand parcels and integrated cadaster information (physical, legal and economic characteristics); (iv) field testing of new methodologies for a systematic cadaster survey providing detailed information of time and costs requirements per type of area to be surveyed; and (v) the identification of lessons and changes needed for the implementation of Phase 2 that will imply the scaling up of the effort to the rest of the national territory. As per lessons learned, the completion of the pilots has allowed the GoC to update the initial estimated costs for the full exercise to obtain a more realistic assessment of the scale of the exercise and the resources that will be needed. While initial estimates for the total costs of updating the cadaster were set at CNP2.8 billion (constant 2019), the

¹⁸ The National Council for Economic and Social Policy (CONPES) is a governmental advisory body responsible for setting Colombia's policies on economic and social development. The CONPES is presided by the President and integrated by all sectorial ministries. A CONPES document is the result of the deliberative process and decisions adopted by the council and generally provides direct executive orders to create reform, conduct policies and/or programs and public investment plans and set the basis upon which the national budget is presented to Congress for the specific subject.

¹⁹ Including for example several joint resolutions signed by the SNR and IGA, such as Resolucion SNR 1732 – IGAC 221 of February 21th of 2018, by which the problematic of rectification, correction and updating of parcel borders (linderos), and Resolution SNR 5731-IGAC 642 of 2018, by which the Colombian Land Administration Domain Model (LADMCOL) is adopted.



updated estimates used to define the strategy for the operationalization of the policy are more than twice as high at CNP5.8 billion. The pilots have also contributed to strengthening the coordination between institutions through the creation of the Steering and field Operation committees which facilitated communication between all entities involved with cadaster related activities and allowed prompt reactions to deal with operational challenges. The effort on the pilots has to date led to the creation of an up to date database for over 30 thousand parcels.

39. **Achievement of indicators.** Despite the important policy changes brought under this PA, the results indicators fell short of the target due to operational challenges, including the presence of conflict and security concerns that made data collection slow in some cases and impossible in others; coordination challenges, as implementation required realignment of roles and responsibilities between IGAC and ANT; and lack of inputs needed, such as the baseline cartographic inputs²⁰. The first result indicator for this PA set a target of 70 percent of the total area in the cadaster pilot with new cadastral information completed. As of January 1, 2019, the pilot program had collected new cadastral information for 41.3% of the area in the seven pilot municipalities. This represents 68.2 percent of the total parcels to be updated in those seven municipalities. However, the government expanded the pilot municipalities, including two additional areas – Ovejas (one municipality) and Mojana (11 additional municipalities), with the support of USAID and AFD, adding over 66,000 parcels to the pilot exercise. The field work for the municipality of Ovejas has been completed and updated cadastral information for 2,202 parcels in the municipality has been submitted to IGAC. Ovejas was the first pilot carried out by a systematic cadastral surveying (*barrido predial masivo*) with a joint effort for joint massive titling. The pilot for Mojana is in the process of being structured.

40. The second result indicator set a target of two administrative agreements signed for the delegation of cadastral functions. As of January 1, 2019, Barranquilla has been completed and its operation started in January 2017. The District completed the process of updating its cadaster in 2018. A second agreement was signed between the IGAC and the Metropolitan Area of Center East- AMCO (Pereira, Dosquebradas and La Virginia) in November 2017. However, financial constraints did not allow the AMCO to take on the responsibilities by August 2018, as initially planned. The preparation stage for full operation of the cadaster by AMCO has been extended through July 2019. A third agreement was signed in November 2017, with The Metropolitan Area of Bucaramanga-AMB (Bucaramanga, Floridablanca, Giron, and Piedecuesta) but has since been reevaluated and is under revision. The initial proposal presented by the AMB included an environmental tax as a source of financing for the new functions received. The change in administration in the AMB and the Court's decision of taking away AMB's role as environmental authority, led to a renegotiation of the financial component of the proposal presented by the AMB. Current financial problems of the AMB pose a challenge for the sustainability of the proposal; this is now under consideration of the IGAC, which is in the process of receiving the delegation of this competency.

41. **Triggers.** This PA included two indicative triggers: (i) the submission for parliamentary approval of the national legislation defining the technical, institutional, and financial standards for the multipurpose cadaster (*Ley del Estatuto Catastral*); and (ii) the approval of the policy framework for delegating key functions and responsibilities for land management to subnational governments. The first was achieved, with the corresponding legislation being submitted for parliamentary approval on August 16, of 2017 and subsequently on April 26, 2018.

²⁰ Santa Marta (Magdalena), Lebrija (Santander), Puerto Gaitán (Meta), Topaipí (Cundinamarca), Dibulla (La Guajira), Puerto Leguizamo (Putumayo) y San Carlos (Antioquia). From the initial 10 municipalities in the PD three were dropped: San Vicente del Caguan, Armenia and Buenaventura. Further, as outlined in the Aid Memoire, Barranquilla should not be included as an indicator here as the focus of the cadastral update as per the peace agreements has an initial rural focus. Armenia was excluded as a priority area before the pilots started. Buenaventura and San José del Caguan were initially part of the pilots but because of public order and security issues they had to be excluded.



While this legislation was subsequently not approved by Congress because of lack of quorum, the Government has decided to continue advancing on the instruments for implementation of the new cadaster policy. Rather than taking a regulatory approach, the operationalization of the new policy will be done through CONPES 3958 that was approved on March 26, 2019.²¹ The new CONPES focuses on three lines of action: (i) addressing coordination and interinstitutional articulation; (ii) addressing challenges of timely availability of inputs and adjustment of methodologies, definition of standards, and strengthening information systems; and (iii) strengthening the role of the cadaster as key input for the design of territorial development policies, hence emphasizing the mechanisms for interoperability and sharing of the information collected. The second trigger has been achieved, and as mentioned above, today one cadaster has been delegated and two are in process.

42. **Strengthened land management institutions.** Prior Actions 2 and 3 provided a new institutional set up for rural and land administration that allowed for improved coordination and more effective government interventions. With PA#2 the GoC established the institutional framework to implement rural land policy by supporting large-scale formalization of land rights in rural areas, and to increase access to land for the rural poor/vulnerable through access-to-land programs. With the creation of the ANT, Colombia had for the first time in history, an institutional authority guiding the process of land tenure formalization for private lands and for managing land funds.

43. With PA #3, the Government strengthened the institutional framework for rural development through the creation of the Rural Development Agency (ADR), which now plans, structures, co-finances, and implements rural development projects.

44. The ADR has also contributed to better integrated rural planning by successfully accompanying the completion of Agricultural and Rural Development Plans in 10 departments. Among current challenges, the most pressing seem to be the lack of staff for implementation of projects. The ADR has relied on implementing agencies and international organizations for its activities in the territory. This has contributed to implementation challenges and high overhead costs. The Agency is exploring the possibility of moving to a model of direct execution of funds, rather than working through such agencies.

45. Looking ahead, these advances are expected to be further consolidated through work under the approved Bank project for Multipurpose Cadaster (P162594), which includes a component to strengthen ANT's capacity on several angles: institutional strengthening to deliver rural land tenure formalization services (Subcomponent 1.4); ICT infrastructure (Subcomponent 2.3); and coordination with other agencies and management activities (Subcomponent 4.4). Sustainability of the activities of ANT and ADR will require commitments in budget and increases in staffing, if the goals set by the agencies in terms of outputs are to be achieved.

46. **Achievement of indicators.** In terms of the results indicators for PA#2, as of December of 2018, 52,740 rural plots had been regularized or formalized, well ahead of the NDP goal of 35,000 and above the results target for this operation, which was set at 40,000; 173,339 families of ethnic communities benefited from access to land, ahead of the NDP goal of 170,735; and 29,824 displacement victims had received attention through the processes of assignment or formalization of land parcels, ahead the NDP goal of 18,750. 40% of the titles were given to women head of households.²²

²¹ CONPES 3958 "Estrategia para la implementación de la política pública de catastro multipropósito.

²² Informe de Gestión, Agencia Nacional de Tierras, 2018. Data from SINERGIA, 31 December 2018



47. With regards to the result indicators for PA#3, all projects have been structured to have a territorial focus, achieving the target set at project design. To date, 189 projects have received co-financing, for a total value of over COP193,314 million, with 18,818 beneficiaries. This excludes the 54 projects that were received from INCODER, representing over COP19,365 million, and reaching 2,304 beneficiaries.²³ This means that they include four components (technical assistance, access to productive assets, land readiness/preparation, and articulation with the production chain and production priorities of the territory) and achieved the target set for this operation.

48. **Triggers.** PA#2 included the indicative triggers of approval of the regulatory framework for expedited resolution of land disputes. This was achieved through Decree 902 of 2017 that further consolidated the role of ANT, and provided the legal framework for assigning the responsibilities of physical and legal identification of parcels, jointly with the cadastral authority, for the purpose of the creation of the new multi-purpose cadaster. The decree provided details to guide the implementation of Rural Reform as it related to access to land, and specifically provided details of procedures for access to land and formalization, as well as for the creation of the new Land Fund to be managed by the ANT. An important step provided by this decree was also the creation of a unique registry number for individuals asking for access to land (*Registro Unico de Solicitantes a Tierras*, RESO). PA#3 include the following trigger: approved regulatory framework for the development of comprehensive territorial rural development plans and projects. This was achieved through the creation of ADR and Agreement 007 of 2016. The ADR adopted the manual for co-financing of projects and defined the criteria for structuring, approval and co-financing of projects with a territorial focus (*Proyectos Integrales de Desarrollo Agropecuario y Rural con Enfoque Territorial*).

49. **Strengthened Territorial Planning.** PA# 4 provided the enabling environment to develop territorial and land use plans at the department-level for improving regional integration and the updating of municipal land-use plans under a new methodology that incorporated urban-rural linkages, and urban expansion projections, besides adding information on risk exposure and environmental preservation as the main components of urban planning. Despite a slower operationalization pace than initially expected, implementation of the pilots of the POTs Modernos Program has already provided important lessons and inputs for the updating of the instruments at national scale. New standards and methodologies are now published in a toolkit available for municipalities that wish to update their POTs (*kit de ordenamiento territorial*). The kit offers clear technical standards, outlines required information for diagnosis, and tools that are needed to complete a new generation POT, providing guidance for local and regional authorities in the implementation of the new methodology. For example, new technical standards to determine areas for urban expansion have been defined, to avoid over-demarcation of urban expansion (as in the first generation of POTs). Since it became live in August 2018, the territorial toolkit site has 1,145 registered users, 49 of which have taken the “learning tests”, meaning that they have gone through all learning modules provided by the toolkit. Expanding the use of, and learning through, the toolkit will be key to ensure the sustainability of the methodological changes introduced by this policy.

50. **Achievement of indicators.** Despite the significant strengthening of the framework and instruments used for territorial planning, progress on the implementation of the pilot program was slower than expected. During the early stages, the pilot program had to exclude twenty municipalities that had been selected because the challenges brought about by post-conflict, civil unrest, and floods rendered them inaccessible. The technical teams were unable to travel to these municipalities and hence, were not able to complete the preliminary analysis and assessments required by the new methodology as inputs. Further, an initial assessment of time and costs of the updating process underestimated the resources needed for the implementation of the program. In particular, at

²³ Sistema de Gestion de Proyectos, ADR



planning stages, the national government reached out to municipalities to assess the existence of cartography and other inputs needed for the risk management component of the POTs. While many municipalities claimed to have access to these inputs, during implementation it became clear that the quality of these inputs did not satisfy the requirement of the new POTs Modernos Methodology and additional work was needed in many municipalities, leading to delays in implementation and additional costs. The structure of the operators and a top down approach also posed a challenge regarding ownership of the final product by some municipalities. For example, further delays in the implementation of the updating process stem from the limited capacity of consultants to work in parallel on several POTs at the same time. However, important lessons were identified during the pilot process, such as the need to work on several issues in parallel to better engage local governments, focus the work of the consultants in sub-regions, and promote a bottom up approach with territorial entities, in order to increase local ownership of the POTs. Of the 61 POTs Modernos that are still part of the program, 35 have updated their POTs; 26 are still in the process of being updated and progress is expected by June 2019.

51. **Triggers.** This PA included the adoption of the regulatory framework for the implementation of the department-level land use planning (PODs) as a trigger. Agreement 010 of the National Territorial Development Commission (COT) (*"Acuerdo COT 010, 2018"*) provided the general guidelines to formulate PODs. Further, through "the POTs Modernos Program", 8 PODs have been completed and three of them have bylaws in draft.

52. **Summary of achievements under Pillar I:** Actions under this pillar built a new institutional framework, strengthened policies and institutions, and provided the necessary enabling legal environment for improved territorial planning. Important results were achieved in improved institutional coordination between all agencies involved in the cadastral updating process and the cadaster pilot exercise was successfully carried out and allowed to draw important lessons for further implementation. The institutional set up was strengthened and allowed for advances in regularization of land, including improvements for ethnical communities that benefited of access to land and displacement victims who also benefited from assignment or formalization of land parcels. A stronger territorial focus was also brought to rural development and new methodologies were developed and implemented for improving regional integration and the updating of municipal land-use plans, incorporating critical elements for improved urban planning. Out of five results indicators, one surpassed the target, two achieved it, and two fell short. All triggers were met. Despite results falling short of the target for two indicators, the associated prior actions achieved important results that contributed to the development objective.

53. **Achievements in improved subnational financial management and investment prioritization (Pillar II) are rated Substantial**

54. Under Pillar II, the Program enhanced subnational governments' capacity to effectively implement the new territorial development framework.

55. **Improved Prioritization of Regional Investments.** PA# 5 contributed to further enhanced planning and execution of investments for regional development by improving mechanisms for medium-term planning and prioritization of investment projects, such as *Contratos Plan/Paz* (contract-plans)²⁴. The implementation of this

²⁴ A Contrato Plan is a memorandum of understanding between the different government levels of a department or region that includes an agreed medium-term program of investments for territorial development to be co-financed by the national government and the subnationals involved as well as other actors like the private sector. In 2014, based on a pilot experience with 7 Contratos Plan, CONPES 3822 delineated a policy to improve this mechanism and focus it towards addressing development gaps and institutional capacity challenges. In 2016, Contratos Plan are selected as the vehicle to implement peace and post-conflict interventions through the adoption of the CONPES 3867. Contratos Plan para la Paz (or second



new policy also helped to align objectives between the different levels of government, private and non-governmental actors, and to facilitate the articulation of actions and the coordination of efforts and resources under a common territorial development objective.²⁵ The requirement to have an approved CONPES for each new *Contrato Plan* implied a thorough review to ensure that priorities identified are aligned with regional and national development plans and that all relevant actors were involved. This new policy also seeks to reduce bottlenecks in the implementation of subnational investments with the regulation of the recently created regional fund (*Fondo Regional*), managed by FONADE (*Fondo Financiero de Proyectos de Desarrollo*), set to integrate resources from different sources and ensure that funds were transferred directly to the executing agency. The implementation of the regional fund included the provision of technical assistance to subnational governments in the design, preparation and implementation of works. Support was also provided for monitoring investment implementation with the creation of committees by the project (comprised of subnational governments, contractors, FONADE and DNP), which meet monthly. In addition, under this new policy, payments were linked to specific milestones, creating incentives to keep implementation on track. While challenges remain in the co-financing of investments prioritized in the *Contratos Plan/Paz* (see discussion below), overall, the creation of the regional fund is a step towards improving transparency, accountability and results-based management in the use of public funds.

56. **Achievement of indicators.** In terms of results indicators, the target of eight new plans was more than achieved. In addition to the initial seven pilot *Contratos Plan*²⁶, six new *Contratos Plan* were signed (second generation)²⁷ and four were renegotiated to follow the criteria established in the new policy, for a total of ten new plans. By the end of 2018, a total of 16 departments and 497 municipalities were participating in the program *Contratos Plan* and the new regional fund was supporting 46 projects. Investments of around US\$7.8 billion were planned for the execution of 2,432 projects and were to be completed by 2023. In spite of the important progress made, there is still room to improve coordination between the national government and the subnational governments for planning, investment and implementation of projects, as per initial findings of DNP.²⁸ There is also a need to increase incentives for co-financing of investments: DNP has reported a financing gap of US\$3.6 billion for the completion of the 1,161 projects currently under execution.²⁹ Overall, the program still ranks very high in the Government's agenda for territorial development, and the instrument was prioritized in the recently approved 2018-2022 NDP as a key mechanism for regional development. The Government is launching a third generation of such plans, now called Territorial Pacts (*Pactos Territoriales*), which are expected to create mechanisms to better incentivize co-financing and promote inter-departmental investment projects with high regional impacts, as well as sub-regional projects identified as priorities by the DNP.

57. **Triggers.** As described above, the trigger for this PA of the Government adopting the institutional arrangements to operationalize the Regional Fund was achieved/met.

58. **Strengthened financial management of subnational expenditures.** PA#s 6 and 7 contributed to improving the quality of public expenditure and resource allocation, and to reducing subnational fiscal risk through better quality, opportunity and comparability of fiscal information reported by subnationals, and across sectors and levels

generation of *Contratos Plan*) seek to execute social infrastructure projects such as education, health, agricultural production, tertiary routes, basic services, among others in post-conflict areas.

²⁵ CONPES 3867, September 23, 2016.

²⁶ The first generation of CP included the following: Atrato-Gran Darién (comprised by Antioquia, Córdoba y Chocó Departments), Boyacá, Norte del Cauca, Nariño, Sur de Tolima, Arauca, Santander; for a total of US\$ 4 billion in investments assigned to 678 projects.

²⁷ The 6 new *Contratos Plan/Paz* included Bolívar – Sucre, Caquetá, Meta, Guaviare, Valle del Cauca and Guainía, and ranged from a total of US\$ 85 million to US\$ 1.2 billion.

²⁸ By the time of this ICR, the government was commissioning an external evaluation of the program.

²⁹ Information provided by DNP, as of February 28, 2019.



of government. PA# 6 contributed to a better integration and optimization of fiscal reporting by subnational governments by streamlining the compilation of all necessary fiscal data at the national and subnational levels through the Single Territorial Form (*Formulario Único Territorial* or FUT). The FUT is now used to report internally and externally on the fiscal position of 1,100 municipalities and 32 departments. PA# 7 enabled the harmonization of the chart of accounts to a single standard across national and subnational levels. PA# 8 contributed to improving the quality and execution of subnational public expenditures by addressing weaknesses faced by subnational public entities in the design and implementation of investments by making available standard investment project documents (pre-defined technical specifications and contracts that can be replicated across regions). While adoption of these instruments by SNGs is still in its initial stage, this reform goes in the right direction towards better quality and efficiency of project formulation, execution and monitoring, standardization of service provision throughout the national territory, and increased transparency of contracting processes.

59. **Achievement of indicators.** In terms of indicators, with the implementation of the FUT, the target of reducing the number of reports prepared and submitted to national authorities was achieved, with an estimated 110 reports currently being produced (the target was to reduce from 233 to 190 reports). This number was calculated based on surveys of 66 territorial entities (11 departments and 55 municipalities) and 95 national entities.³⁰ With the new policy, the FUT became the main instrument for reporting on subnational fiscal data: of the 66 territorial entities surveyed, 98% are reporting through the FUT. This had positive implications in terms of financial management, monitoring and oversight, and transparency³¹ of subnational spending. While this reduction is significant, there is still room for further improvement. For example, the same diagnostic found that at least 70% of the territorial entities in the survey are submitting 38 other reports in addition to the FUT, and at least 50% of them are submitting 54 additional reports. There is also room to further reduce duplication of requested information within and across sectors as identified in the survey.

60. With respect to the results indicator for PA #7, the target value of 90% of national public entities reporting according to the new accounting standards was more than achieved.³² As of March 15, 2019, 100% of national public entities (including 75 financial institutions and 275 non-financial institutions), and 96.6% of subnational entities (including 65 of 70 financial institutions, and 3,220 of 3,330 non-financial institutions), in addition to the Central Bank and the General Royalties System (SGR by its Spanish acronym) were reporting according to the new accounting standards, improving quality and opportunity of subnational financial information for decision making, as well as its international comparability. The implementation of the new accounting standards was a great effort, which was accompanied by training imparted to 222 professionals from different disciplines, providing the necessary foundations and skills to both support the implementation of the new policy and act as multipliers in the regions to expand the spectrum of knowledge and training of public sector professionals in the application of public accounting norms and regulations.

61. With respect to results indicators for PA#8, the target of having 50 standard investment projects designed and available for subnational governments to adopt was achieved. The standard documents are available in the Colombia Compra Eficiente portal³³, together with guidelines and manuals for their use. The next step is to better incentivize and enforce their use. Progress was made with the issuing of Resolution 1798 of April 1, 2019, which

³⁰ USAID. "Reducción, simplificación y unificación de reportes que deben enviar las entidades territoriales al gobierno nacional. recomendaciones y alternativas finales". May 2018.

³¹ FUT data is published in the Government's open data portal and includes budget allocated, expenditures, commitments and sources of financing by subnational entity. <https://www.datos.gov.co/Hacienda-y-Cr-dito-P-blico/FUT-GASTOS-DE-INVERSION/g3mg-je4i>

³² The new standard was based in the International Public Sector Accounting Standard (IPSAS) adapted to the Colombian model.

³³ <https://www.colombiacompra.gov.co/manuales-guias-y-documentos-tipo/vias-terciarias-para-la-paz-y-el-postconflicto>



mandates the use of standard documents for procurement processes related to public works in the transport sector³⁴. The implementation of the centralized e-procurement platform, SECOP 2, at the subnational level is a key step toward further supporting and expanding implementation of standard documents; however, so far SECOP 2 has been rolled out only to national public entities.

62. **Triggers.** The trigger of PA#6, of the Government issuing the guidelines for the adoption of an Integrated Transactional Financial Territorial Information System (*Sistema Integrado y Transaccional de Información Financiera Territorial*) at the national level that will allow capturing subnational information in real time, was partially met. While progress was made in the definition of the system’s conceptual model, the issuing of the standards for subnational governments to adopt has not yet been finalized. The new system’s model has been designed and the Government is currently preparing the technical specifications for the bidding process. On the other hand, the PA# 7 trigger of having a new Chart of Accounts harmonized between accounting and budget (particularly for investment) at both the national and subnational levels was met.³⁵ Finally, the trigger for PA#8 of the Government adopting the centralized e-procurement platform SECOP 2 by departmental and municipal governments was not met, as mentioned above.

Summary of achievements under Pillar II. Actions under this pillar enhanced planning and execution of investments for regional development; improved management of public expenditures, through better quality, opportunity and comparability of fiscal information reported by SNGs and across sectors and levels of government; improved resource allocation and reduced the subnational fiscal risk through better quality of SNGs fiscal information; and enhanced the quality of subnational public investments. All four results indicators under this pillar achieved their targets with three of them surpassing them considerably. Out of four triggers, two were met, one was partially achieved, and one was not met.

3.3 Justification of Overall Outcome Rating
(combining relevance, achievement of PDOs)

Overall Outcome
Rating: Satisfactory

Relevance		Efficacy		Overall Outcome
Objectives	Design and Implementation	Pillar I	Pillar II	
High	High	Substantial	Substantial	Satisfactory

63. **The overall outcome rating is considered *satisfactory*, reflecting the high relevance of objectives, design and implementation, and the substantial achievement of the Program Development Objective.** The Program supported significant policy and regulatory reforms, and set the basis for improving access to land, formalization and regularization of parcels creating the policy framework for the multipurpose cadaster, as well as for: strengthening regional coordination of rural development projects; strengthening capacities for improving coordination; enhancing quality and management of subnational expenditures; and for reducing subnational fiscal risk.

³⁴ <https://www.colombiacompra.gov.co/documentos-tipo/documentos-tipo-para-licitacion-de-obra-publica-de-infraestructura-de-transporte>

³⁵ See Resolution 0803/19 of the MHCP.



3.4 Overarching Themes, Other Outcomes and Impacts

(if any, where not previously covered or to amplify discussion above)

(a) Poverty Impacts, Gender Aspects, and Social Development

64. The overall poverty and social impacts of the policies supported by this DPF come mainly from indirect effects. Policies under Pillar 1 are expected to contribute to reducing regional socio-economic inequalities through better management and planning at the subnational level, a better provision of public services and local public goods, as well as by developing and protecting local property rights. In particular, the new institutional framework for land and rural development has contributed to improving the livelihoods of the rural population, and while a thorough impact evaluation has not yet been done, some indicators point to evidence of these effects. An important highlight of such an indirect effect is the impact of the program “Formalize to Substitute” for areas with illicit crops. The program has been a success, with less than 1% of the plots going back to illicit crops after the land titles were assigned. Only under that program 1,974 land titles were distributed by December 2018. 40% of such titles have been distributed to women head of households. Additionally, specific efforts to attend to communities in rural reserves (*reservas campesinas*) have been carried out with the characterization³⁶ of 1,027 families from the rural reserve Perla Amazonica in the municipality of Puerto Asis (Putumayo) and the rural reserve Valle del Rio Cimitarra in the municipality of Yondo (Antioquia).³⁷

65. The policies of development of the new multipurpose cadaster are likely to yield welfare effects in the long run. It is expected that in the long term, since the cadaster will be linked to the national registry, this prior action will strengthen property rights, reduce asset loss risks for households in general, and particularly the poor and vulnerable households. The multipurpose cadaster is expected to increase the collection of property taxes in the long run, in turn generating additional revenues that local governments will be able to use to improve the provision of public goods and services and enhance the fiscal autonomy of SNGs. To date, the exercise of the pilots has already led to the creation of a new database linking cadastral and registry information for over 30,000 parcels. Such improved information is expected to strengthen the collection of property taxes, and through that strengthen fiscal autonomy of SNGs and improve the provision of local services and public goods. Prior actions under Pillar 2 contributed to fostering local economic growth through a positive impact of local public investment, as well as through improved prioritization for better alignment of development needs and technical assistance to strengthen the quality of design and execution of investment projects.

66. Because many of the expected poverty and social impacts of this operation are likely to materialize only in the long term, the follow-on operation under preparation presents an opportunity to continue to assess the impacts of this first DPF on the expected impacts on economic growth.

(b) Institutional Change/Strengthening

(particularly with reference to impacts on longer-term capacity and institutional development)

67. As explained in Section 3.2, the creation of the ANT and ADR have resulted in important institutional strengthening and coordination for the management of land and rural development. Similarly, the regulation of the recently created Regional Fund has further increased capacities to execute *Contratos Plan* investments. New methodologies and guidelines are available (cadaster, POTs, *Contratos Plan*, standard investment documents, etc.),

³⁶ The characterization process includes identifying all families in the reserve, the ownership relationships among them, the presence of legal documents, and their socioeconomic conditions, with the ultimate objective of preserving the property rights of families.

³⁷ Informe de Gestion de la ANT 2018



which improve the technical capacities of SNGs to better plan and manage public resources. The full implementation of such methodologies will require additional efforts in terms of local capacity building, including the roll out of public management and procurement systems and scaling up the updating process of POTs.

(c) Other Unintended Outcomes and Impacts *(positive or negative, if any)*

68. An important unintended effect of the regularization of land programs led by ANT is a considerably lower replanting of illicit crops. For farmers replacing illicit crops and who have received a title for their land, replanting of illicit crops has fallen to less than 1 percent.

3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops
(optional for Core ICR, required for ILI, details in annexes)

N.A.

4 ASSESSMENT OF RISK TO DEVELOPMENT OUTCOME

Rating: Moderate

69. **The risk to the development outcome is considered moderate, given the strong government commitment to the reforms supported by this operation and their relevance to the 2018-2022 NDP.** The main challenges to sustain implementation of the reforms stem from: (i) budgetary constraints that might affect the availability of resources for expanding the operations of the ANT to cover the national territory, (ii) complexities in the structure of land administration institutions, which require intense coordination between the IGAC and ANT for the implementation of the multipurpose cadaster; and (iii) the need for the SNGs to have the necessary tools to fully internalize actions directed to improve subnational investment and financial management, such as the SECOP 2 and a new territorial public management model. The approved project for Multipurpose Cadaster (P162594), a new CONPES currently under preparation to address weaknesses of CONPES 3859, and the Strengthening Public Financial Management in Colombia ASA (P170468) are expected to help mitigate these risks.

5 ASSESSMENT OF BANK AND BORROWER PERFORMANCE

(relating to design, implementation and outcome issues)

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry
(i.e., performance through lending phase)

Rating: Satisfactory



70. The Bank's performance in ensuring quality at entry is deemed to be satisfactory. The Bank supported an important government agenda, the policies of which were highly relevant to addressing regional development and economic disparities in a context of a long-standing conflict that further intensified inequalities between rural and urban areas, and across geographic regions. Overall, the operation was well-conceived and responded effectively to the priorities reflected in the 2014-2018 NDP. At design, the Bank team carried out a sound and relevant sector analysis, which built fluid dialogue and close engagement with the Government. The multi-practice composition of the team contributed to building a broad program, which included a wide range of policy actions that reflect the complexity of the challenges of territorial development. Overall, the Bank assessed the risks associated with the DPF adequately, and the team included a thorough analysis of environmental and social risks linked to the program. The Results Matrix was well designed, linking the PDO to the policy actions and then to results indicators. However, some indicators were overly ambitious, and their achievement took longer than estimated.

(b) Quality of Supervision

(including of M&E arrangements)

Rating: Satisfactory

71. The Bank's quality of supervision is rated satisfactory. Throughout the operation, the World Bank team regularly monitored implementation progress. A close policy dialogue was maintained with the Government, thanks to good communication and the strong professional relationship built with the DNP teams. The Bank team provided supporting technical assistance throughout the life of the Program. Implementation also benefited from good coordination between the multi-practice team, which showed flexibility and successfully worked as a team. Despite changes in TTLs (both the TTL and the co-TTL were changed once during the operation), the teams ensured a smooth transition. The new TTL and co-TTL were based in the Bank's office in Colombia, which facilitated the dialogue and implementation support of the Operation. Two supervision missions were completed, and the Bank regularly monitored the program indicators to assess the program's progress towards the PDO as reflected in the mission Aide Memoires and ISR.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

72. Based on the assessments of Bank performance in ensuring quality at entry and quality of supervision, overall Bank performance is rated Satisfactory.

5.2 Borrower Performance



(a) Government Performance

Rating: Satisfactory

73. The Government's performance is rated satisfactory. Government ownership and commitment at the national level were strong during preparation and throughout the life of the program. Strong ownership translated into a Program design which was consistent with the Government's 2014-2018 NDP priorities in terms of territorial development, as well as the post-conflict agenda in the country. The Government worked closely with the Bank to design an operation that was reflective of the national vision and the Bank's sector work. Moreover, the sustainability of the reforms is reflected in the 2018-2022 NDP. The cooperation between the Government and the Bank was fruitful, resulting in the use of the DPF instrument to support sector efforts. The Government commitment ensured the timely fulfillment of the prior actions.

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory

74. The Implementing Agency's performance is rated satisfactory. The DNP worked closely with the Bank and the sector ministries to prepare the Program and later to monitor the results indicators. As the technical arm of the Council of Ministers, the DNP followed up on progress to implement the policy framework established through the approval of legislation to achieve the PDO. It monitored the progress of the results framework indicators, coordinated with the newly created agencies (ANT and ADR), the Ministry of Environment, Ministry of Agriculture and Rural Development, Ministry of Interior, and Ministry of Housing, City and Territory, Ministry of Finance, and Colombia Compra Eficiente. While the time needed to achieve some of the expected results was underestimated, it did not affect the reforms put in place. One element that will need further consideration moving forward is the need to promote a bottom up approach to territorial organization and planning, in order to increase local ownership of the POTs in some municipalities.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

75. The overall Borrower performance is considered satisfactory. The Government put forward a robust and sustainable series of reforms to improve territorial development in the country. The Government's commitment, ownership and leadership throughout preparation and implementation were key for the success of this DPF in achieving the PDO. Further efforts will be needed to strengthen SNG institutional capacities, and in increasing ownership of local governments in the new methodologies developed to fully take advantage of the new policies supported by this DPF. The next section reflects on some of these additional needs.

6 LESSONS LEARNED

(both project-specific and of wide general application)

76. **High relevance of the Program and government ownership are critical factors for successful DPFs.** In the case of this operation, the strong commitment of the Government to the decentralization process, as well as the link of this program to high level agendas - such as the OECD accession and the peace process - proved to be the most important aspect in contributing to the success of this DPF.



77. **Complex challenges of territorial development need a comprehensive program, with actions that can tackle the wide range of issues needed to be addressed both among different levels of government and across heterogeneous regions.** A comprehensive territorial development program requires differentiated policies to address the varying challenges across regions, needs to build coordination across instruments and investments at different administrative levels, and must align incentives of all territorial entities. Such complex challenges require strong institutions with capacities that have the scope, information and instruments that allow for informed decisions and well-functioning markets, and financing mechanisms that promote regional coordination and ensure efficiency in spending. This was the case with this DPF.

78. **A comprehensive program like the one supported by this DPF requires close collaboration between different government sectors and World Bank Global Practices.** Territorial development challenges identified at DPF preparation demanded a broad set of actions directed to strengthening institutions, improving information and instruments for planning, and enhancing efficiency in the use of financial resources. Building such a comprehensive program was only feasible given the participation of several areas of the Government (including DNP, Ministry of Finance and several lines ministries) and World Bank units.

79. **Beyond collaboration between the Bank and government sectors, long-standing technical dialogue and strong local engagement allowed for the design of a strong series of policy reforms in a relatively short period of time.** Strong sectoral engagement through TA and ASAs allowed for close collaboration between Bank teams and GoC, enabling the preparation of this operation in less than eight months. However, it is important to recognize that the basis over which this operation was built was the result of a long-term engagement. The strength of the engagement complemented the implementation of the reforms and was critical to advance the territorial development and subnational strengthening agenda in Colombia.

80. **Overcoming capacity challenges at the subnational level requires consistent support over time.** Colombia has demonstrated a long-standing commitment to the decentralization process, evidenced by the evolution of reforms to strengthen SNGs' capacities (some of which are reflected in the program with the Bank). The full internalization of these reforms by SNGs (which are heterogeneous in size and capacity) will still require steady and coherent support in the form of TA and systems. Ultimately, the main executors of instruments and policies in the territory are SNGs, and strengthening their capacity is essential to ensure that they have the tools to meet their responsibilities.

81. **Empowering SNGs to lead their processes of local planning builds ownership and helps ensure that plans are reflected in actions at the local level.** A top down approach to local planning can reduce ownership of the planning process at the local level. Ensuring a bottom up approach, where SNGs take the lead in the preparation of their territorial planning instruments, will ensure that plans are reflected in action at the local level. Lack of ownership of POTs bears the risk of a mismatch between plans and investments and policy decisions at the local level. The national government can guide this process by providing strategies, methodologies, technical assistance, and when necessary, financial incentives to ensure alignment with national priorities and foster regional coordination, with SNGs at the driving seat in the preparation of their territorial planning instruments.

82. **The implementation of cadastral initiatives needs to be accompanied by specific actions directed to raise awareness and promote the active participation of beneficiaries.** The implementation of the cadastral pilots brought to light important lessons to be incorporated in the implementation of the multipurpose cadaster



between 2019 and 2025. In particular, it allowed to test (i) surveying methodology and standards; (ii) implementation mechanisms (including private sector participation and outsourcing possibilities); (iii) availability of information and variables to be included; and (iv) identification of the costs and measures to improve efficiency during a subsequent scaling-up phase. Among the key lessons learned were the need to include a strong communications strategy and specific assessments at the community level to raise awareness and promote active participation at the territorial level. The work with the pilots showed that active local community understanding of, and involvement in, the cadaster and land tenure formalization processes are necessary to ensure success.

83. **Introducing incentives for the alignment of instruments and improved coordination may contribute to better planning and more effective investments in a multi-level territorial framework.** The new territorial planning and investment framework put forward by GoC includes several instruments and layers of planning at all three administrative levels. While association and coordination across and between levels of government was enhanced, there is still scope for improvement. First, better regional coordination is needed for large-scale projects that may require co-financing of several administrative units. Second, incentives may be required to ensure horizontal and vertical coordination and strengthen the links between a territorial planning framework and financing decisions. Third, ensuring alignment between instruments at different levels (e.g., POTs and PODs) will be essential, now that the framework is in place and the new instruments have been rolled out.

84. **The operationalization challenges observed in pilot activities for the cadaster and POT Modernos program suggest that there is scope for exploiting complementarities between DPFs and P4R instruments.** Despite important achievements in policy reforms, operationalization challenges led to slow implementation of the pilot efforts. Bank and Government teams could explore the possibility of exploiting complementarities between DPFs and P4Rs to provide incentives for implementation of pilots or other measures that operationalize the policy changes.

7 COMMENTS ON ISSUES RAISED BY BORROWER/IMPLEMENTING AGENCIES/PARTNERS

(a) Borrower/Implementing agencies

85. The Government of Colombia reviewed the final draft of this ICR and provided feedback on June 14, 2019. The Government agreed with the assessment carried out by the ICR team and with the ratings provided. The Government provided a few clarifications along the document which are included in the final version of this report.



ANNEX 1: BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION PROCESSES

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Nunez del Campo, Angelica (252830)	Senior Operations Officer	OPSIL	TTL
Pedro Arizti	Senior Public Sector Specialist	GGOIS	Co-TTL
Chakeri, Jasmin (228775)	Program Leader	LCC4C	
De Nys, Erwin (279979)	Program Leader	AFCS1	
Gutierrez, Eva M. (111214)	Lead Financial Sector Specialist	GFCEE	
Kotouzas, Stamatis (421254)	Land Administration Specialist	GSULN	
Rodriguez Castelan, Carlos (380608)	Lead Economist	GPV07	
Montgomery, Robert H. (381514)	Lead Urban Specialist	GENLC	
Mosqueira Medina, Edgardo (233864)	Lead Public Sector Specialist	GGOLP	
Lozano Gracia, Nancy (227883)	Senior Economist	GSU10	
Perez-Brito, Carlos Tomas (355350)	Senior Social Development Specialist	GSU04	
Eraso Puig, Beatriz (379475)	Urban Development Specialist	GSU10	
Velasco Bernal, Vanessa Alexandra (479987)	Urban Development Specialist	GSU10	
Zoratto, Laura De Castro (367454)	Senior Economist	GGOLP	
Pinedo Palau, Miguel Fernando (484594)	Senior Rural Development Specialist	GFADR	
Malasquez Carbonel, Eduardo Alonso (486701)	Economist	GPV06	
Tolmos, Raul (190005)	Environmental Specialist	GENDR	
Hathaway-Nuton, Adrienne Elizabeth (421701)	Research Analyst	GGOLP	
Lizundia Gonzalez, Eguiar (414182)	STC	GGO13	
Supervision/ICR			
Ortiz, Alexandra (148225)	Lead Urban Development Specialist	GSU10	TTL
Forero Ramirez, Henry (81070)	Senior Public Sector Specialist	GGOLP	Co-TTL
Terraza, Horacio Cristian (185046)	Lead Urban Specialist	GSU10	
Lozano Gracia, Nancy (227883)	Senior Economist	GSU10	
Moreno Horta, Ivonne Astrid (460572)	Sr Land Administration Specialist	GSULN	
Velasco Bernal, Vanessa Alexandra (479987)	Urban Development Specialist	GSU10	



(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY16	35.88	208
FY17	37.41	224
Total:	73.29	432
Supervision/ICR		
FY18	22.28	107
FY19		
Total:	22.28	107



ANNEX 2: SUMMARY OF BORROWER'S ICR AND/OR COMMENTS ON DRAFT ICR

86. The Government of Colombia reviewed the final draft of this ICR and provided feedback on June 14, 2019. The Government agreed with the assessment carried out by the ICR team and with the ratings provided. The Government provided a few clarifications along the document which are included in the final version of this report.



ANNEX 3: LIST OF SUPPORTING DOCUMENTS

- 2014-2018 National Development Plan “Todos por un Nuevo País”
- World Bank Group’s Colombia Country Partnership Framework (CPF) FY2016-2021. Report No. 101552-CO discussed by the Board of Executive Directors on April 7, 2016
- OECD (2014), OECD Territorial Reviews: Colombia 2014, OECD Territorial Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264224551-en>.
- Informe de Gestión, Agencia Nacional de Tierras, 2018. Data from SINERGIA, 31 December 2018
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